

# SENATE BILL REPORT

## SB 5899

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As Reported By Senate Committee On:  
Labor, Commerce, Research & Development, February 27, 2007

**Title:** An act relating to defining society or organization for alcoholic beverage control purposes.

**Brief Description:** Defining society or organization for alcoholic beverage control purposes.

**Sponsors:** Senators McAuliffe, Kohl-Welles, Parlette, Rasmussen, Clements, Holmquist, Murray and Honeyford.

**Brief History:**

**Committee Activity:** Labor, Commerce, Research & Development: 2/20/07, 2/27/07 [DPS].

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### SENATE COMMITTEE ON LABOR, COMMERCE, RESEARCH & DEVELOPMENT

**Majority Report:** That Substitute Senate Bill No. 5899 be substituted therefor, and the substitute bill do pass.

Signed by Senators Kohl-Welles, Chair; Keiser, Vice Chair; Clements, Ranking Minority Member; Franklin, Hewitt, Holmquist, Murray and Prentice.

**Staff:** Jennifer Strus (786-7316)

**Background:** The Liquor Control Board (LCB) can issue a retailer's license called a special occasion license. This license is generally issued to not-for-profit societies or organizations and allows them to sell spirits, beer, and wine in individual servings for on-premises consumption at a specified event. The event must be held on a specified date and at a specific place. The fee for the license is \$60 a day.

The not-for-profit society or organization may only sell spirits, beer, and wine under this license for no more than 12 calendar days per year.

The term "organization" as used in the statute has been interpreted by the LCB to include only those organizations that are classified as 501(c)(3) organizations by the Internal Revenue Service.

**Summary of Bill:** Any non-profit "society or organization" organized and operated under sections 501(c)(1) through (10) of the Internal Revenue Code would qualify for a special occasion license.

**EFFECT OF CHANGES MADE BY RECOMMENDED SUBSTITUTE AS PASSED COMMITTEE (Labor, Commerce, Research & Development):** It is clarified that local

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wine industry association registered under section 501(c)(6) of the Internal Revenue Code is a "society or organization" for purposes of a special occasion license.

**Appropriation:** None.

**Fiscal Note:** Not requested.

**Committee/Commission/Task Force Created:** No.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Staff Summary of Public Testimony:** PRO: The reason for this bill is to allow wine trade associations to have tastings. It's difficult for wineries to promote their product without being able to do occasional tastings. The bill could be amended to be even narrower by stating only trade associations that have a section 501(c)(6) exemption under the Internal Revenue Code can have tastings.

OTHER: The Tied House workgroup pulled together by LCB is working on tied house issues and possible changes to the statute; therefore, it would be better to wait and see what the group recommends as changes to the law.

**Persons Testifying:** PRO: Jean Leonard, Martin Clubb, Washington Wine Institute.

OTHER: Rick Garza, Liquor Control Board.